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☒ Discussion
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SUBJECT: CITY OF ISSAQUAH ASSUMPTION OF SOUTH COVE/GREENWOOD POINT WATER AND SEWER UTILITY SERVICE

STAFF CONTACT: Nav Ota, Utilities Director, 452-2041; Paul Bucich, Utilities Engineering Assistant Director, 452-4596; Alison Bennett, Utilities Policy Advisor, 452-2808

POLICY ISSUE: The City of Issaquah is proposing that Bellevue and Issaquah enter into a Pre-Assumption Agreement regarding Issaquah's assumption of water and sewer service in South Cove and Greenwood Point. The Agreement states that the two cities will work cooperatively in Issaquah's assumption of an area that currently has water and sewer services provided by Bellevue within Issaquah's corporate limits.

**DIRECTION
NEEDED**

FROM COUNCIL: No formal action tonight is required. Council may wish to provide feedback regarding the Pre-Assumption Agreement. The Agreement will be placed on a future Council agenda for final approval.

BACKGROUND

On December 31, 1995, the City of Bellevue assumed the Eastgate Water and Sewer District, which provided water and sewer services for South Cove and Greenwood Point (see **Attachment A** for a map of the assumption area). On March 2, 2006, Issaquah annexed the South Cove/Greenwood Point areas from King County. Issaquah is now prepared to take over water and sewer services for the area and has approached Bellevue about working cooperatively to develop a smooth service and operational transition. Issaquah is proposing that the cities enter into a Pre-Assumption Agreement to formalize the working relationship. (**Attachment B**)

The assumption area represents about 380 acres or 1.8% of Bellevue's current water and sewer service area, with about 1,000 customer accounts. It is located along the shores of Lake Sammamish and consists of primarily single family residential development. Both water and sanitary sewer system ages range from the 1950s through the present with the majority constructed in the 1970s.

The water system components are typical for residential service with ductile iron and asbestos concrete pipes comprising 99% of the system in an almost even split. There are no system components that require elevated maintenance levels. This service area has one water storage reservoir that primarily services the South Cove and Greenwood Point area. Preliminary evaluations indicate that this reservoir may not be needed post-assumption to provide service to Bellevue residents. Further evaluation will confirm the need by Bellevue for this reservoir.

The sanitary sewer system components are typical of residential construction with concrete and PVC pipe comprising the majority of the piping system infrastructure. King County owns and operates the lake line that services this area and other Issaquah areas.

An assumption study conducted by Issaquah with data from Bellevue indicates that physical separation of the two systems and assumption of the service area by Issaquah can be handled with minimal service impacts. For the sanitary sewer, there is a potential for shared use of a small portion of Bellevue's system prior to discharge to the King County main trunk line. For the water system, there may or may not be a need to keep the reservoir connected to the Bellevue distribution system. Preliminary evaluation by Bellevue staff concurs with these assertions; however, this will require further evaluation prior to finalizing an assumption agreement.

Bellevue Utilities does not have any water or sewer capital projects identified for the assumption area through the current planning horizon, 2011-2017.

The assumption area represents approximately \$1.4 million in annual water and sewer service revenues to Bellevue. The anticipated reduction in service revenues would be offset by corresponding reductions in direct expenses such as water purchase and wastewater treatment costs, as well as some operation and maintenance costs. Based on preliminary information, no significant impacts to Bellevue utility rates are anticipated. Additionally, the assumption study conducted by the City of Issaquah's consultant estimates the Bellevue staffing level change from the assumption to be a reduction of 0.6 FTE. Staff will be conducting a detailed analysis later this year to determine the cost, rate, and staffing implications to Bellevue once the proposed terms and conditions of the assumption are determined.

Process and Timeline

Issaquah has proposed to file a "Notice of Intent to Assume" with the Boundary Review Board (BRB) in June, 2014, with the intent to finalize the agreement to assume the area from Bellevue by the end of the third quarter in 2014. The final agreement to assume the area would contain all the terms and conditions that would govern the transition, including details on timing, facilities, operations and customer billing and communications.

Filing a Notice of Intent to Assume provides a 45 day statutory period wherein the BRB's jurisdiction may be invoked. If the 45-day review period elapses without the BRB's jurisdiction invoked, the proposed action is deemed approved. The initiator may then proceed to finalize the proposal under its pertinent laws. Jurisdiction of the BRB may be invoked only under limited circumstances, which include initiation by the governmental unit(s) affected, by petition of impacted voters, by owners of property consisting of five percent of the assessed valuation within such an area, or by the BRB.

Next Steps

Following approval of the Pre-Assumption Agreement by Bellevue and Issaquah City Councils, staff from both cities will begin to negotiate the terms and conditions of the assumption. Staff will return to Council later this year with a draft agreement containing the proposed terms and conditions of the assumption.

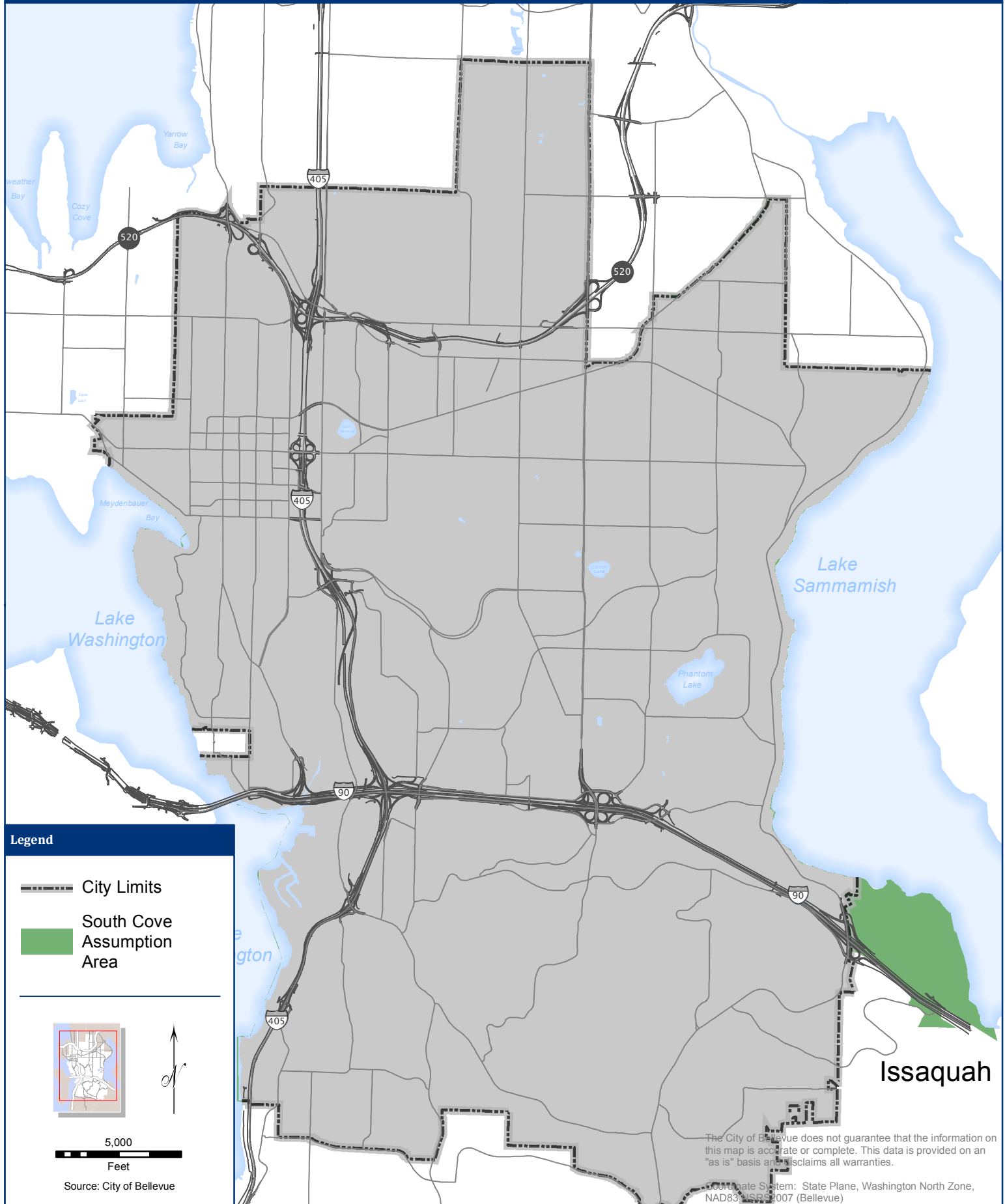
ALTERNATIVES: N/A

RECOMMENDATIONS: N/A

ATTACHMENTS: A - Map of Assumption Area
B – Pre-Assumption Agreement

South Cove Assumption Area

Utility Service Transfer Area



DRAFT
WATER AND SEWER UTILITY PRE-ASSUMPTION AGREEMENT
BETWEEN
CITY OF BELLEVUE AND CITY OF ISSAQUAH

THIS AGREEMENT is made by and between the City of Bellevue, a municipal corporation, in King County, Washington (“Bellevue”), and the City of Issaquah, a municipal corporation, in King County, Washington (“Issaquah”) for the purposes set forth herein.

RECITALS

WHEREAS, the Cities of Issaquah, Bellevue, and Renton entered into a “Sphere of Influence” Agreement in 1979; and

WHEREAS, the Sphere of Influence Agreement identified areas for each agency for purposes of land use, utility, and transportation planning; and

WHEREAS, the Sphere of Influence Agreement showed the areas of South Cove and Greenwood Point as within the City of Issaquah’s influence and responsibility; and

WHEREAS, the City of Bellevue assumed the Eastgate Water and Sewer District on December 31, 1995, which provided water and sewer services for South Cove and Greenwood Point and which currently provides these services within the City of Issaquah Corporate Limits; and

WHEREAS, the City of Issaquah annexed the South Cove/Greenwood Point areas on March 2, 2006; and

WHEREAS, City of Issaquah staff have been studying the possibility of assuming the water and sewer services from the City of Bellevue for the South Cove/Greenwood Point areas; and

WHEREAS, City of Bellevue staff have been working with Issaquah and its consultants to evaluate the existing infrastructure to develop a cooperative strategy to ensure an excellent service transition; and

WHEREAS, the City of Issaquah has a policy to work cooperatively toward assumption of utility services from agencies providing these services within the corporate limits of Issaquah; and

WHEREAS, the Cities of Issaquah and Bellevue wish to enter into this agreement to set forth a cooperative relationship for Issaquah’s assumption of the water and sewer services, which serves as mutual consideration for each party;

NOW, THEREFORE, the Cities of Issaquah and Bellevue agree as follows:

Section 1: The City of Bellevue agrees to:

- A. work cooperatively with Issaquah in its assumption efforts of the water and sewer services currently provided by Bellevue within the City of Issaquah corporate limits for the South Cove/Greenwood Point areas to the maximum extent allowed by law; and negotiate in good faith terms regarding (1) existing capital facilities and (2) joint use facilities where appropriate and shared costs for those joint use facilities.

Section 2: The City of Issaquah agrees to:

- A. work cooperatively with Bellevue in the assumption efforts of the water and sewer services currently provided by Bellevue within the City of Issaquah corporate limits for the South Cove/Greenwood Point areas to the maximum extent allowed by law; and negotiate in good faith terms regarding (1) existing capital facilities and (2) joint use facilities where appropriate and shared costs for those joint use facilities.

Approved as to Form
Bellevue Legal Counsel

CITY OF BELLEVUE ("Bellevue")

By _____
Its _____
Dated _____

By _____
Its _____
Dated _____

Issaquah Legal Counsel

CITY OF ISSAQUAH ("Issaquah")

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